avis budget group

Third Quarter 2016 Earnings Call

November 3, 2016

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FORWARD-LOOKING STATEMENTS

Statements about future results made in this presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include projections.

These statements are based on current expectations and the current economic environment. Forward-looking statements and projections are inherently subject to significant economic, competitive and other uncertainties and contingencies, many of which are beyond the control of management. The Company cautions that these statements are not guarantees of future performance. Actual results may differ materially from those expressed or implied in the forward-looking statements.

Important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements and projections are specified in the Company's most recently filed Form 10-K and other SEC filings.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, the date of our last earnings conference call.

This presentation includes certain non-GAAP financial measures as defined under SEC rules. Important information regarding reconciliation of such measures is contained within this presentation, including in the Glossary section.

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Larry De Shon

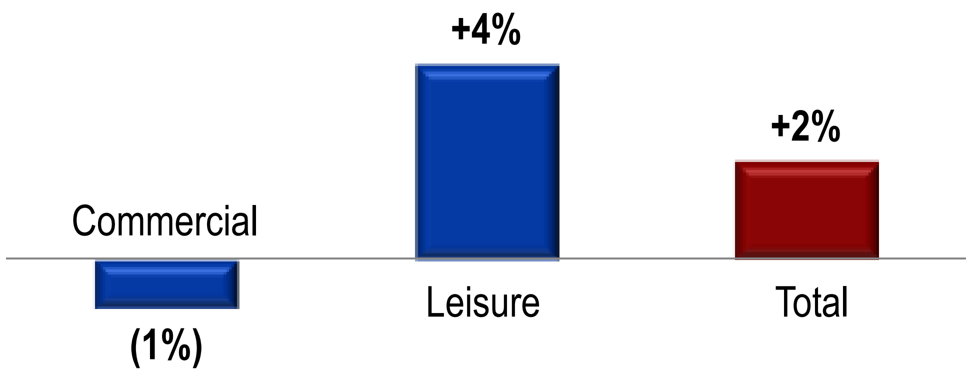
Chief Executive Officer

Record Third Quarter Results

- Delivered record third quarter revenue, Adjusted EBITDA and margins
- Pricing in the Americas increased 2% and utilization also rose
- Manpower and shuttling initiatives drove higher productivity
- Adjusted earnings per share increased 25%

Pricing Trends Remain Positive

Americas Pricing

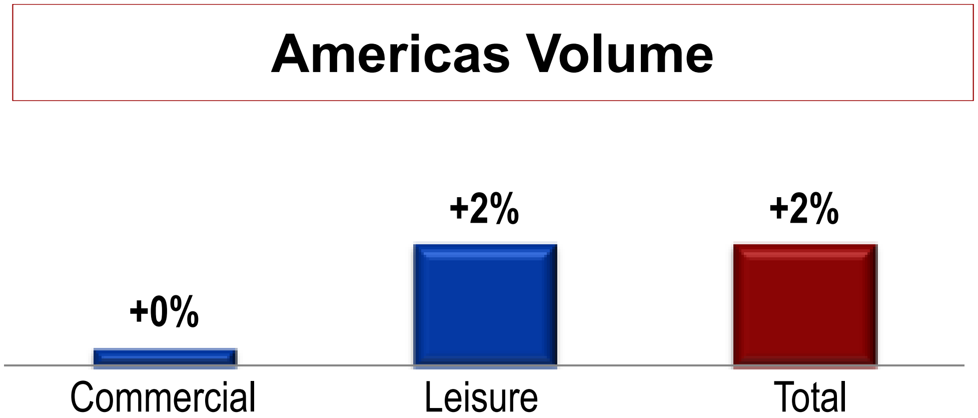


- Focused on higher-margin channels and segments
- Used our Demand-Fleet-Pricing system to take advantage of yielding opportunities
- Aggressively managed our fleet levels
  - Our third quarter utilization increased 280 basis points over the past two years

AMERICAS ACHIEVEMENTS

Commercial account retention continues to exceed 99%

Higher Year-over-Year Volume Growth



- Intentionally ran our fleets tight this summer
- Our U.S. airport share remains stable

INTERNATIONAL ACHIEVEMENTS

Delivered Increased Revenue, Adjusted EBITDA and Margins

- Revenue increased 4% due to higher leisure and commercial volumes
- Ancillary revenue increased 12%[a]
- Domestic volume growth remained resilient in Europe
  - Lower-than-expected European inbound volumes impacted pricing
- Announced acquisition of France Cars

(a) In constant currency

Well-Positioned Despite Near-Term Hurdles

- **Americas**
  - **Positive year-over-year pricing and volume continuing into the fourth quarter**
  - **But demand is softer than previously anticipated, particularly among commercial travelers**
- **International**
  - **Softer-than-expected demand continues, particularly inbound to Europe**
  - **Pricing likely to continue to be challenged, but mitigated by growth in ancillary revenue**

Expect full-year Adjusted EBITDA will be at approximately the low end of prior estimates

Efficiency Initiatives Delivering Benefits

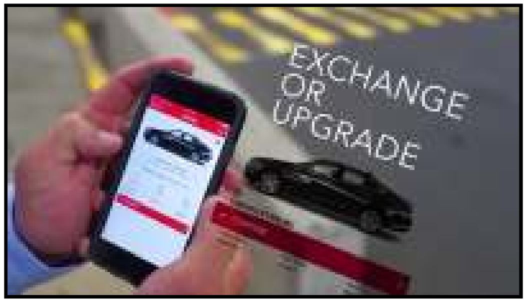
- ***Manpower Planning***
  - **Changing the way we approach staffing levels**
  - **Repurposing resources to where most needed**
  - **Increasing part-time component of our workforce**
  - **Next step is to incorporate technology to drive further efficiencies**
- ***Shuttling***
  - **Reducing vehicle shuttles within locations and between them**
  - **Implemented new processes to refine our shuttling decisions**
  - **Piloting technology-based shuttling tool**

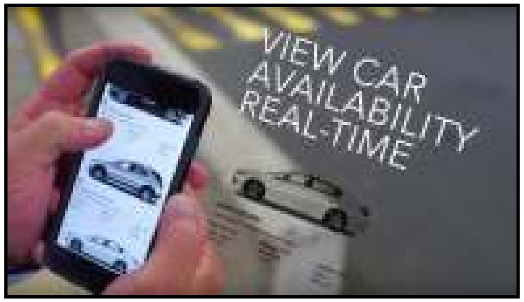
INVESTING IN OUR BUSINESS

To sign up, visit www.avis.com/preferred

Avis Now – The Future of the Car Rental Experience

- More than 250,000 have downloaded the app
- Over 150,000 rentals completed
- Customer feedback has been very positive
- Adding functionality every few weeks
  - Additional ancillary revenue during the rental





HIGHLIGHTS

Record Third Quarter

- Continued positive pricing and volume growth in the Americas
- Carefully managing our fleet levels
- International volumes also growing
- Investing in technology to drive efficiencies, lower costs and improve margins

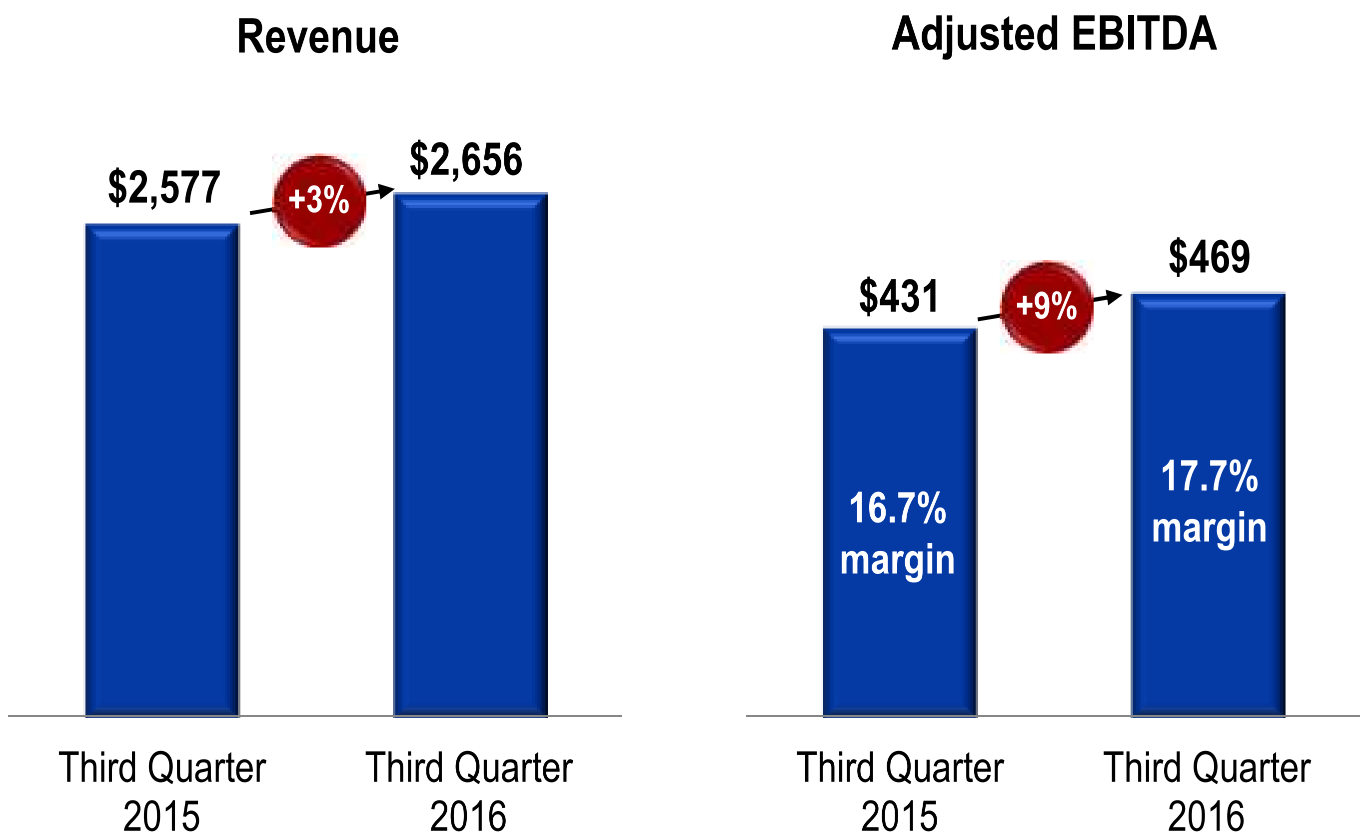
David Wyshner

President and Chief Financial Officer

THIRD QUARTER 2016 RESULTS

Record Company Margins

($ in millions)

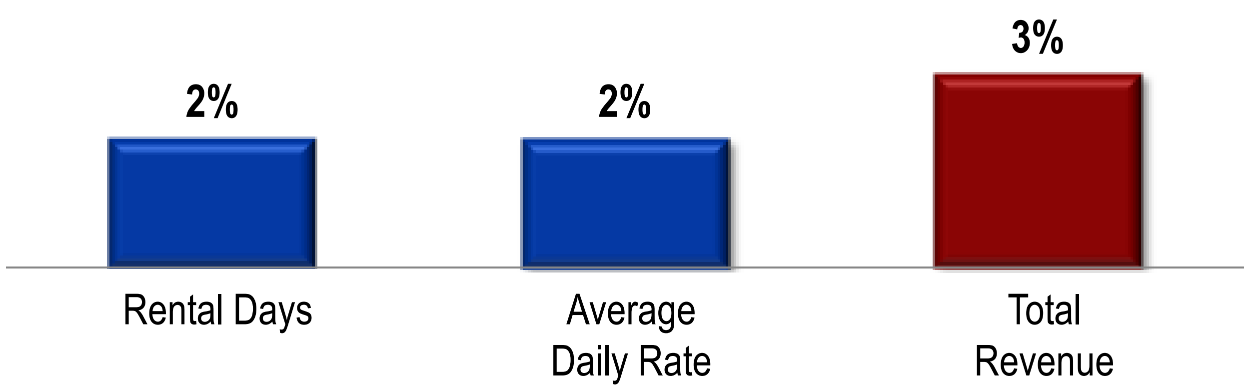


AMERICAS

Third Quarter Growth Driven by Higher Pricing and Volumes

- **Pricing increased 2%**
- **Rental days grew 2%**
  - **Leisure volumes increased 2%**
- **Adjusted EBITDA increased 10% and margins expanded by more than 100 basis points**

Americas Revenue Drivers[(a)]



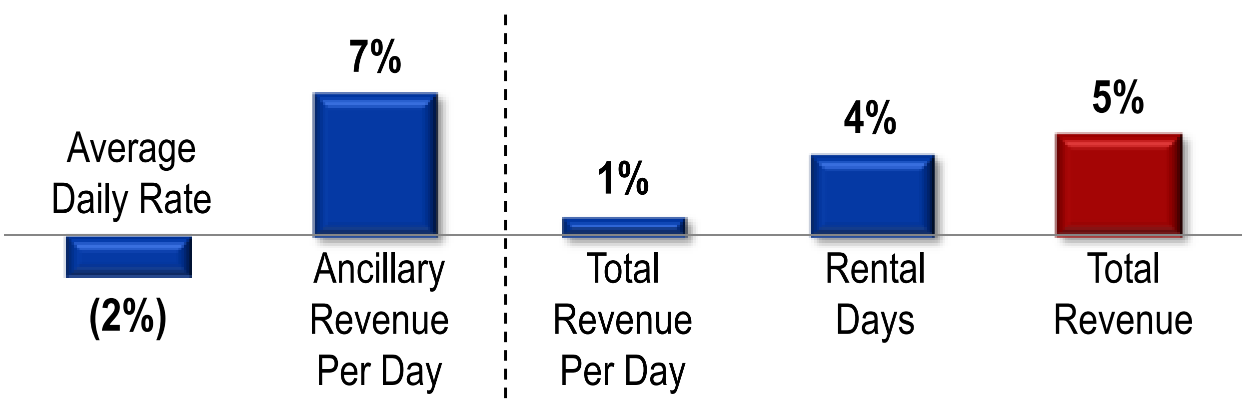
(a) Year-over-year growth excluding currency effects; rental days and average daily rate exclude Zipcar and Truck

INTERNATIONAL

Record Revenue, Adjusted EBITDA and Margins

- **Revenue growth driven by positive volumes and higher ancillary revenue**
- **Slowdown in inbound volumes negatively impacted pricing**
- **Adjusted EBITDA increased 7% and margins expanded**

International Revenue Drivers[a]



(a) Year-over-year growth excluding currency effects; all figures other than total revenue exclude Zipcar

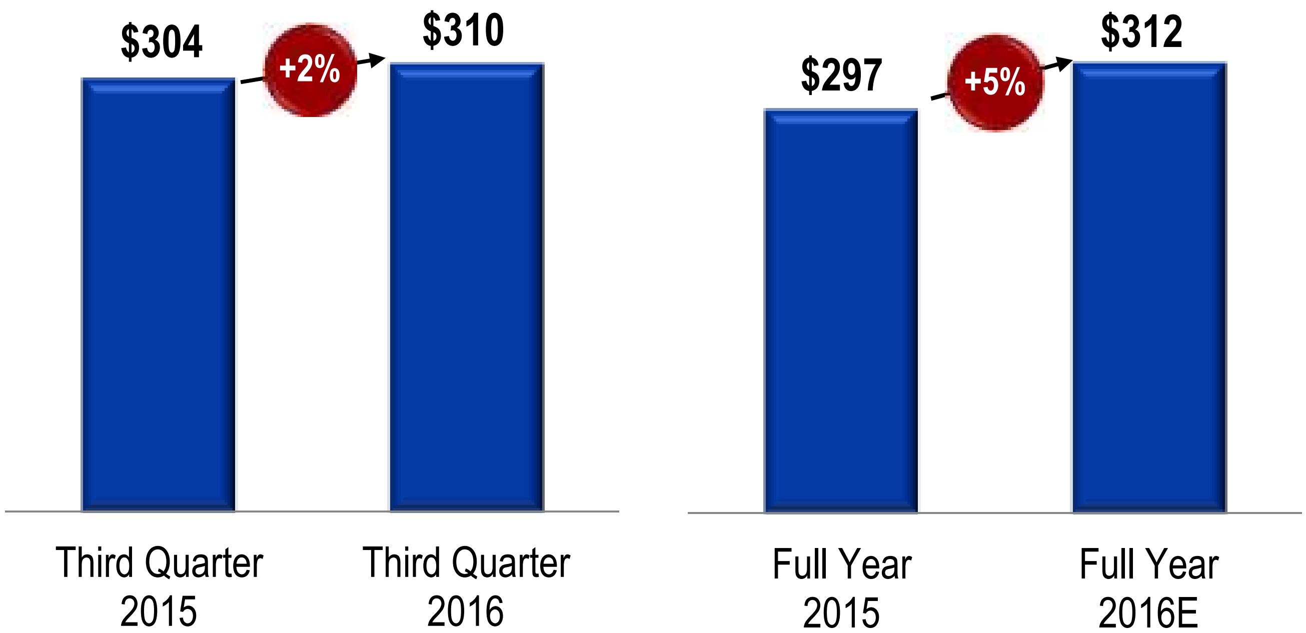
FLEET COSTS

Americas fleet expected to be 67% risk in 2016 and more than 70% risk in 2017

Completed more than 90% of our planned risk-car sales for 2016

Americas Per-Unit Fleet Costs Expected to Increase 5%

Monthly Per-Unit Fleet Costs[a]
(Americas)



(a) Including Zipcar, excluding Truck

ZIPCAR

Zipcar's fleet totaled more than 15,000 cars in the third quarter

Zipcar Continues to be the World's Leading Car Sharing Network

- Surpassed one-million-member milestone
- Instant Join & Drive surpassing expectations
- Expanded ONE>WAY offering to Denver
  - Now available in six U.S. cities
- Launched Zipcar in Brussels, our first floating-model market

Redeemed €275 million of 6% notes due 2021 with proceeds from new $4^{1}/_{8}$% notes due 2024

Strong Liquidity Position

- More than $5 billion of available liquidity worldwide
- Net corporate leverage of 3.4x
- Only $400 million of corporate debt maturities before 2021
- Vehicle-backed debt is well-laddered and low-cost

CAPITAL ALLOCATION

Have reduced our shares outstanding by 12% over the last twelve months

Consistent Use of Free Cash Flow

- **Our priorities for free cash flow continue to be share repurchases and tuck-in acquisitions**
- **Repurchased $290 million of stock year-to-date 2016**
- **Announced acquisition of France Cars**
- **Continue to expect to generate $450 to $500 million of free cash flow in 2016[(a)]**

Expect to spend $370 to $400 million on stock repurchases in 2016

(a) Excluding any significant timing differences

2016 OUTLOOK

Currency movements reducing Adjusted EBITDA by $21 million year-over-year

Revising Estimates to Reflect Current Trends

Americas

- Full-year pricing projected to be unchanged[a]
- Volume expected to grow approxmately 2%
- Per-unit fleet costs expected to increase 5%

International

- Positive year-over-year volume growth
- Expect revenue to increase approximately 7%[a]
- Per-unit fleet costs projected to decrease slightly

Expect Adjusted EBITDA to be at approximately the lower end of prior estimates

(a) In constant currency

2016 OUTLOOK

Diluted share count of approximately 93 to 94 million, a reduction of 10% to 11% year-over-year

Expect capital expenditures of approximately $200 million

Non-GAAP effective tax rate expected to be approximately 39%

2016 Estimates

($ in millions, except EPS)	Projection[a]
Revenue	$8,750
Adjusted EBITDA	850
Non-vehicle D&A[b]	195
Interest expense	205
Adjusted pretax income	$450
Adjusted net income	$275
Adjusted diluted EPS	$2.93

(a) All figures are approximate
(b) Excluding acquisition-related amortization expense

FREE CASH FLOW

Free Cash Flow

($ in millions)	2016E	2015
Adjusted pretax income[a]	$450	$546
Plus: Non-vehicle D&A[b]	195	163
Less: Capital expenditures	(200)	(201)
Less: Cash taxes	(50) – (60)	(29)
Plus: Vehicle programs	55	78
Plus: Working capital and other[c]	10 – 50	(32)
Free Cash Flow	$450 – $500	$525

Expect to repurchase $370 to $400 million of stock in 2016

(a) Approximate and excluding certain items
(b) Approximate and excluding acquisition-related amortization expense
(c) Including restructuring expense

CURRENCY EFFECTS

Exchange-Rate Impacts Favorable in the Fourth Quarter, Negative for the Year

Year-over-Year Effect of Currency Movements[a]

(in millions)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Revenue	($32)	($12)	($6)	$10	($40)
Adjusted EBITDA	($33)[b]	$3	$1	$8	($21)

Estimating a $21 million negative year-over-year impact on Adjusted EBITDA

(a) Based on exchange rates as of October 1, 2016 and assuming no further changes to exchange rates
(b) Primarily due to hedging gains in 2015 and hedging losses in 2016

SUMMARY

Record Third Quarter Results

- Positive pricing in the Americas continues
- Seeing benefits from manpower and shuttling initiatives
- Zipcar passed the million-member milestone
- Investing in technology and process improvement to drive future margin growth
- Generating significant free cash flow and returning cash to stockholders via share repurchases

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GLOSSARY

This presentation includes certain non-GAAP (generally accepted accounting principles) financial measures as defined under SEC rules. We have provided below reasons we present these non-GAAP financial measures, a description of what they represent and a reconciliation to the most comparable financial measure calculated and presented in accordance with GAAP. Because of the forward-looking nature of the Company's forecasted non-GAAP Adjusted EBITDA, free cash flow, adjusted pretax income and adjusted diluted earnings per share, specific quantifications of the amounts that would be required to reconcile forecasted net income, net cash provided by operating activities, pretax income and diluted earnings per share are not available. The Company believes that there is a degree of volatility with respect to certain of the Company's GAAP measures which preclude the Company from providing accurate forecasted GAAP to non-GAAP reconciliations. Based on the above, the Company believes that providing estimates of the amounts that would be required to reconcile the range of the non-GAAP measures to forecasted GAAP measures would imply a degree of precision that would be confusing or misleading to investors for the reasons identified above.

Adjusted EBITDA

Adjusted EBITDA represents income from continuing operations before non-vehicle related depreciation and amortization, any impairment charge, restructuring expense, early extinguishment of debt costs, non-vehicle related interest, transaction-related costs and income taxes. We believe that Adjusted EBITDA is useful as a supplemental measure in evaluating the aggregate performance of our operating businesses. Adjusted EBITDA is the measure that is used by our management, including our chief operating decision maker, to perform such evaluation. Adjusted EBITDA should not be considered in isolation or as a substitute for net income or other income statement data prepared in accordance with GAAP and our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

Reconciliation of Adjusted EBITDA to net income (in millions):

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015
Adjusted EBITDA	**$ 469**	**$ 431**
Less: Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)	48	41
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	51	49
Adjusted pretax income	**$ 370**	**$ 341**
Less certain items:		
Acquisition-related amortization expense	15	15
Restructuring expense	6	6
Transaction-related costs, net	4	8
Income before income taxes	**$ 345**	**$ 312**
Provision for income taxes	**136**	**128**
Net income	**$ 209**	**$ 184**

GLOSSARY

Reconciliation of Net Corporate Debt (in millions):

	September 30, 2016
Corporate debt	**$ 3,866**
Less: Cash and cash equivalents	985
Net corporate debt	**$ 2,881**

Reconciliation of Adjusted EBITDA to net income (in millions):

	Last Twelve Months Ended September 30,	
	2016	2015
Adjusted EBITDA	**$ 845**	**$ 904**
Less: Non-vehicle related depreciation and amortization (excluding acquisition-related amortization expense)	187	158
Interest expense related to corporate debt, net (excluding early extinguishment of debt)	205	194
Adjusted pretax income	**$ 453**	**$ 552**
Less certain items:		
Acquisition-relation amortization expense	59	51
Restructuring expense	34	20
Transaction-related costs, net	24	47
Early extinguishment of debt	10	23
Income before income taxes	**$ 326**	**$ 411**
Provision for income tax	**137**	**70**
Net income	**$ 189**	**$ 341**

GLOSSARY

Reconciliation of adjusted net income to net income (in millions, except per-share amounts):

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015
Adjusted net income	**$ 227**	**$ 206**
Less certain items, net of tax:		
Acquisition-related amortization expense	10	10
Restructuring expense	5	5
Transaction-related costs, net	3	7
Net income	**$ 209**	**$ 184**
Adjusted diluted earnings per share	**$ 2.47**	**$ 1.98**
Earnings per share – Diluted	**$ 2.28**	**$ 1.77**
Shares used to calculate adjusted diluted earnings per share	**91.8**	**104.0**

Free Cash Flow

Represents Net Cash Provided by Operating Activities adjusted to reflect the cash inflows and outflows relating to capital expenditures and GPS navigational units, the investing and financing activities of our vehicle programs, asset sales, if any, and to exclude debt extinguishment costs and transaction-related costs. We believe that Free Cash Flow is useful to management and investors in measuring the cash generated that is available to be used to repurchase stock, repay debt obligations, pay dividends and invest in future growth through new business development activities or acquisitions. Free Cash Flow should not be construed as a substitute in measuring operating results or liquidity, and our presentation of Free Cash Flow may not be comparable to similarly-titled measures used by other companies.

Constant Currency

We present constant-currency results to provide a method of assessing how our business performed excluding the effects of foreign currency rate fluctuations. Currency exchange rate impacts are calculated by translating the current-year results at the prior-period average exchange rate plus any related gains and losses on currency hedges..